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Proposed

AMENDMENTS TO
CONSTITUTION
PROPOSITIONS TOGETHER WITH
ARGUMENTS

To Be Submitted to the Electors
of the State of California at the

SPECIAL STATE ELECTION
TUESDAY, JUNE 6, 1950

Compiled by FRED B. WOOD, Legislative Counsel
Distributed by FRANK M. JORDAN, Secretary of State



PART I—ARGUMENTS

VETERANS FARM AND HOME BONDS. Senate Constitutional Amendment No. 1.
 Adds Section 6 to Article XVI of Constitution. Authorizes issue and sale of one hundred million dollars (\$100,000,000) in state bonds to provide funds to be used by Veterans Welfare Board in assisting California war veterans to acquire farms and homes. Brings into operation and validates Veterans Bond Act of 1949, governing manner of issuing, selling and redeeming such bonds.

YES

NO

(For Full Text of Measure, See Page 1, Part II)

Analysis by the Legislative Counsel *

This constitutional amendment authorizes the issuance and sale of state bonds not exceeding the sum of \$100,000,000 and the use of the proceeds as provided in the Veterans Bond Act of 1949 (Sections 995.01 to 995.5, inclusive, Military and Veterans Code). The purpose of the bond issue is to provide a fund to be used to provide farm and home purchase aid in accordance with the Veterans Farm and Home Purchase Act of 1943 (Sections 985 to 987.10, inclusive, Military and Veterans Code).

The Veterans Bond Act of 1949, which is validated and made effective by this measure, is similar to the Veterans Bond Act of 1946 (Sections 993 to 994.3, Military and Veterans Code), with some differences in detail. The bond act provides that the bonds are to be general obligations of the State for the payment of which the full faith and credit of the State is pledged, and appropriates from the General Fund the sum necessary to make the bond payments as they become due.

The bond act also provides that the dates of maturity of the bonds and the amounts maturing on each maturity date are to be fixed in relation to the amounts and dates of maturity of the revenue estimated to accrue under the transactions to be financed by the particular bond issues so that the bond payments will coincide, as nearly as possible, with the receipt of the revenues.

The revenues referred to are those received under the Veterans Farm and Home Purchase Act of 1943 and consist of the money received as payments of principal and interest under contracts by veterans of World War I or of World War II for the purchase of farms and homes under that act. These revenues are deposited in a special fund. The bond act provides that on the dates of maturity of the principal and interest on the bonds there is to be transferred to the General Fund from this special fund the amount necessary to meet the bond payments. If the amount in the special fund is less than the amount of the bond payments then due, the balance is to be transferred to the General Fund as soon as it becomes available, with interest from such dates of maturity at the same rate as is borne by the bonds.

The amounts of the bonds to be issued from time to time and their maturity dates are to be determined by the Veterans Finance Committee of 1943, which consists of the Governor, State Treasurer, State Controller, Director of Finance, and Director of Veterans Affairs.

Argument in Favor of Senate Constitutional Amendment No. 1

One hundred sixty-four thousand Californians who entered the armed services of our country during the wartime have proven eligibility for state farm and home loans, but state funds previously authorized are about used up. In financing homes and farms for vet-

* Section 1509.7 of the Elections Code requires the Legislative Counsel to prepare an impartial analysis of each measure appearing upon the ballot.

erans, California is the leading state of the union. With six previous bond issues voted, the voters of California have overwhelmingly approved the Farm and Home Loan System first set up in 1921 by the Legislature. The veterans have been so prompt and faithful in meeting their repayment installments that maturing bonds have been paid without any expenditure of taxpayers funds and a sizeable reserve is on hand to meet any contingency.

The veteran purchasers are paying the State 3 percent interest amortized over periods, usually 20 years, and the State is able to sell bonds at a considerably lower rate. This difference over a period of 28 years has paid all cost of administration with a safe balance on hand, so the cost to the State has been nothing.

Indeed, so prudent has been the State's management, that a reserve of several million dollars has been saved to be available to meet any unexpected contingency. Housing is a serious problem in California. This bond issue is the most effective means at our command to give war veterans an opportunity to own a home or farm of their own in any place that they may live in California. Therefore, the Legislature, by a unanimous vote, has asked the people of California to authorize another \$100,000,000 in bonds. The amount of this bond issue is small in comparison to the number of veterans who are making application. The greatest good that we can do for the veteran is to encourage him or her to acquire his or her own home or farm.

While the Federal Government provides loans through the G.I. Bill of Rights, it does not fill the whole need. The advantage of the state loan is that it can be spread over a long period of years and it needs no other financing. It supplements, but does not compete with the federal program.

This measure, more than any other thing that the State can do for its veterans families, will solve for them their pressing housing needs. It will do this at reasonable prices with small monthly payments comparable with rents and at a low rate of interest. All this is made possible because of the State's use of its credit in making the money available. Let us show our appreciation to the veterans of California, men and women, who won an overwhelming victory over a cruel and powerful enemy, who would have destroyed us but for their valiant fighting. Help them acquire their own farms and homes in the country they protected.

Vote YES.

NELSON S. DILWORTH
 State Senator, Riverside County

LOUIS G. SUTTON
 State Senator, Colusa, Glenn and Tehama Counties. Chairman, Senate Committee on Military and Veterans Affairs

RICHARD H. MCCOLLISTER
 Assemblyman, Marin and Sonoma Counties. Chairman, Assembly Committee on Military Affairs

PART II-APPENDIX

VETERANS' FARM AND HOME BONDS. Senate Constitutional Amendment No. 1.
Adds Section 6 to Article XVI of Constitution. Authorizes issue and sale of one hundred million dollars (\$100,000,000) in state bonds to provide funds to be used by Veterans' Welfare Board in assisting California war veterans to acquire farms and homes. Brings into operation and validates Veterans Bond Act of 1949, governing manner of issuing, selling and redeeming such bonds.

YES

NO

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO THE CONSTITUTION

Sec. 6. The issuance and sale of bonds of the State of California, not exceeding in the aggregate the sum of one hundred million dollars (\$100,000,000), and the use and disposition of the proceeds of the sale of said bonds, all as provided in the Veterans Bond Act of 1949 (Article 5B added to Chapter 6 of Division 4 of the Military and Veterans Code by Chapter 1267 of the Statutes of 1949) authorizing the issuance and sale of state bonds

in the sum of one hundred million dollars (\$100,000,000) for the purpose of providing a fund to be used and disbursed to provide farm and home aid for veterans in accordance with the provisions of the Veterans Farm and Home Purchase Act of 1943, and of all acts amendatory thereof and supplemental thereto are hereby authorized and directed and said Veterans Bond Act of 1949 is hereby approved, adopted, legalized, ratified, validated, and made fully and completely effective upon the effective date of this amendment to the Constitution. All provisions of this section shall be self-executing and shall not require any legislative action in furtherance thereof, but this shall not prevent such legislative action. Nothing in this Constitution contained shall be a limitation upon the provisions of this section.

VETERANS' POSSESSORY INTERESTS. Assembly Constitutional Amendment No. 28.
Adds Section 14a to Article XIII of Constitution. Authorizes Legislature to prescribe extent of tax exemption for farm or home being purchased by veteran from Veterans Welfare Board (or successor) pursuant to contract under whose terms legal title is vested in said board.

YES

NO

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO THE CONSTITUTION

Sec. 14a. Notwithstanding any other provision

in this Constitution the interest of a veteran in real property, purchased by him from the Veterans Welfare Board, or any agency which succeeds to the rights, powers and duties of said board, pursuant to a contract of sale under whose terms legal title is vested in said board, shall not be exempt from taxation, except as the Legislature may provide.

FINANCING OF OFF-STREET PARKING. Senate Constitutional Amendment No. 33.
Adds Section 184 to Article XI of Constitution. Authorizes cities or other public bodies to pledge parking meter income as security for the payment of revenue bonds issued to finance construction or acquisition of public parking lots, garages, or other automotive parking facilities.

YES

NO

(This proposed amendment does not expressly amend any existing section of the Constitution, but adds a new section thereto; therefore, the provisions thereof are printed in **BLACK-FACED TYPE** to indicate that they are **NEW**.)

PROPOSED AMENDMENT TO THE CONSTITUTION

Sec. 184. Whenever under the laws of this State or under its charter any city, county, city and county, parking authority, district, or other public body is authorized to acquire or construct public parking lots, garages, or other automotive parking

facilities, and for the payment of the cost of any thereof, to issue any bonds or other securities payable in whole or in part from revenues of any such parking facilities, such public body, and any other public body within the territorial area of which such public parking facilities are or will be situated, is also authorized to pledge, place a charge upon, or otherwise make available, as additional security for the payment of such securities, any or all revenues from any or all street parking meters then owned or controlled or to be acquired or controlled by it.

school districts, particularly, cannot afford to grant such an exemption to a group whose children are now enjoying the benefits of California's fine school system.

Do not be confused by the wording of the proposed amendment, which states that such property shall "not" be exempt from taxation. Such property is not now exempt from taxation. The entire meaning and purpose of the amendment is contained in its final words: "except as the Legislature may provide". The other words constitute the present law, and hide the real purpose of the measure. Unless this measure is adopted, the Legislature cannot grant the exemption. If it is passed, the Legislature is empowered to do so.

Every observer of such measures knows that the Legislature will not refuse complete exemption, if requested under color of "veterans benefits," to which the voters will have given their approval.

To avoid discriminating against 99 percent veterans in favor of the few already enjoying maximum benefits of all veterans' home plans, and to maintain the sound principle that all citizens should contribute to the support of their government, vote "no" on A.C.A. 28.

MARVIN SHERWIN
Assemblyman, Chairman, Ways and Means Committee

3 FINANCING OF OFF-STREET PARKING. Senate Constitutional Amendment No. 33.
Adds Section 18½ to Article XI of Constitution. Authorizes cities or other public bodies to pledge parking meter income as security for the payment of revenue bonds issued to finance construction or acquisition of public parking lots, garages, or other automotive parking facilities.

YES	
NO	

(For Full Text of Measure, See Page 1, Part II)

Analysis by the Legislative Counsel

This constitutional amendment authorizes, under certain conditions, the use of street parking meter revenues as additional security for the payment of bonds issued to finance the acquisition or construction of public automotive parking facilities.

It provides that when a city, county, city and county, parking authority, district, or other public body is authorized by state law or by charter

(1) to acquire or construct public parking lots, garages or other automotive parking facilities and

(2) to issue, for payment of the cost of any thereof, bonds or other securities payable in whole or in part from revenues of any such parking facilities,

such public body (and any other public body within the area of which such parking facilities are or will be situated) may pledge, place a charge upon, or otherwise make available, any revenues from any or all of its street parking meters as additional security for retirement of such bonds or securities.

The scope of the purposes for which the street parking meter revenues of a local public body may constitutionally be used appears not to have been judicially determined in this State. It appears also that the question whether the State or the local public body has the authority to control the use of such revenues has not been resolved.

The adoption of the amendment would authorize the use of street parking meter revenues for the purposes stated under the conditions specified.

Argument in Favor of Senate Constitutional Amendment No. 33

Few people need an argument or a traffic expert to persuade them that there are not enough parking places for automobiles in the cities and other congested areas of the State. Motorists are not alone in their demand for adequate off-street parking facilities. Merchants need parking spaces for their customers and employees. Manufacturers need parking places for employees who find it impossible to use other means of transportation. Because transportation in California, more than any other state, has been built around the automobile, there are few, if any, communities that do not find trade, commerce and recreation seriously impeded by the lack of off-street parking facilities.

The bottleneck in providing sufficient parking has been largely one of financing, and this proposed constitutional amendment is aimed entirely at breaking the financial obstacle. The legislature has authorized local agencies to issue revenue bonds in order to finance the acquisition and construction of parking lots and garages, and the power to tax may not be exercised in order to make payments on such bonds should the revenue prove insufficient. Financial experts agree that the revenues from individual facilities constructed with the proceeds of revenue bonds will not be sufficient to pay the principal and interest of such bonds. While it is true that, as the off-street parking system expands, revenues from the system as a whole will tend to support the financing of each part of it, the revenue bond buyer must have positive assurance of a source of revenue pledged for this purpose which will be sufficient to pay off the bonds. As stated above, taxes cannot be levied whereas parking meter revenues should be used for this purpose. This proposed constitutional amendment will authorize cities to use revenue received from parking meters for the payment of such revenue bonds. In other words, some substantial portion of the revenue now paid by curb parkers will be used to provide more adequate parking facilities for the benefit of these parkers. While it is possible at the present time to accumulate parking meter revenues for this purpose, it is not possible to pledge anticipated revenues in advance of their receipt, and this proposed amendment simply authorizes the pledging of parking meter revenues in advance of receipt for the purpose of securing payment of revenue bonds which will be issued immediately to provide the money necessary to construct off-street parking lots and garages now.

Parking meters are installed for the purpose of regulating traffic and are authorized as a valid exercise of the police power. Cities cannot contract or bargain away the police power, and yet it will be necessary to execute some long term contracts because parking meter revenue, once pledged, must be assured for a given period of time in order to make possible a marketable revenue bond.

A favorable vote on this constitutional amendment will make it possible for many cities actually to start construction of parking facilities within the next few months.

I urge a "yes" vote.

CHRIS N. JESPERSEN
State Senator, San Luis Obispo County

VETERANS' POSSESSORY INTERESTS. Assembly Constitutional Amendment No. 28.

Adds Section 1½a to Article XIII of Constitution. Authorizes Legislature to prescribe extent of tax exemption for farm or home being purchased by veteran from Veterans Welfare Board (or successor) pursuant to contract under whose terms legal title is vested in said board.

YES

NO

(For Full Text of Measure, See Page 1, Part II)

Analysis by the Legislative Counsel

This constitutional amendment provides that the interest of a veteran in real property purchased by him from the Veterans Welfare Board, or any agency succeeding the board, under a contract by which the board retains legal title to the property shall not be exempt from taxation, except as the Legislature may provide.

From 1921 to 1946, inclusive, it was the practice of county and city assessors of the counties and cities in which property being purchased from the Veterans Welfare Board was situated to assess such property according to the value of the veteran's possessory right in the property. In 1945, Chapter 324 of the statutes of that year was enacted to fix the value of that possessory right at 30 percent of the cash value of the property during the first quarter of the life of the contract of purchase, 45 percent during the second quarter, 65 percent during the third quarter, and 85 percent during the fourth quarter.

In April, 1948, in *Bisley v. Mohan*, 31 Cal. 2d 637, the Supreme Court of California found that under the existing provisions of Section 1 of Article XIII of the Constitution, which requires that all property, with certain exceptions, be taxed in proportion to its value, the interest of a veteran under such a contract is required to be taxed according to the full value of the property without deduction for or in respect to the value of the legal title which the State retains as security for payment of the purchase money.

This constitutional amendment, if approved, will authorize the Legislature to prescribe the extent to which property being purchased from the Veterans Welfare Board or its successor (now the Department of Veterans Affairs) shall be exempt from taxation. The Legislature has already adopted a statute (Chapter 1538 of the Statutes of 1949) reenacting the same table of percentages as prescribed in Chapter 324 of 1945, for the purpose of determining the extent to which the veteran's interest in the property shall be exempt from taxation, this 1949 statute to become effective if and when this constitutional amendment is approved by the people.

Argument in Favor of Assembly Constitutional Amendment No. 28

The matter of the assessment of the interests of veterans in farms and homes, which they are purchasing from the Veterans Welfare Board, has been the subject of a court decision under which the entire value of the property is assessed against the veteran regardless of the fact that the value of his interest is only a fraction of the value of the property. At the 1949 Regular Session, the Legislature passed and the Governor approved a statute which provides for the assessment of such a veteran's interest on a basis of the extent of his interest in the property. This equitable solution of the problem of assessing such property is contingent upon the adoption of this constitutional amendment.

This constitutional amendment is necessary to protect the interest of such veterans and to encourage their participation in the veteran's farm and home purchase program, which has been so financially and successfully conducted by the State of California for the past 25 years, thereby increasing the benefits of aid program both to the veterans and to the State.

This program by the State of California is responsible for adding \$210,000,000 of taxable property to our tax rolls with all costs in connection therewith paid by the veterans themselves.

The precise effect of your "YES" vote on this proposition is to validate the present law, thus continue the veteran's home loan program as it has been operated since its inception in 1921.

This constitutional amendment is supported by all veteran organizations including the American Legion, Veterans of Foreign Wars, Disabled American Veterans, etc., and as members of the Committee on Military Affairs, and the Committee on Constitutional Amendments in the Legislature, we speak for our fellow legislators in urging that you vote to protect the interest of the veterans and to encourage their participation in the farm and home purchase program.

Vote YES.

RICHARD H. MCCOLLISTER
Assemblyman, Marin and Sonoma
Counties. Chairman, Assembly
Committee on Military Affairs

NELSON S. DILLWORTH
State Senator, Riverside County

Argument Against Assembly Constitutional Amendment No. 28

Special privilege is sought in this measure on behalf of the small minority of veteran home owners who purchase their property by means of loans from the State. There are approximately 1,750,000 veterans in California. Twenty-two thousand of them are purchasing their homes or farms by means of loans from the State of California, paying only 3 percent interest, and enjoying unusually low fire insurance rates. This program has been successful, and should be enlarged by the passage of the bond measure on this ballot. At the same time about 125,000 veterans are financing their home purchases with F. H. A. and Veterans Administration federal loans, paying a higher rate of interest, and standard fire insurance rates.

Both groups of veteran home purchasers now enjoy the privilege of exemption from paying real property taxes on \$1,000 of the assessed value of their homes. This amounts to a benefit of \$60 to \$70 per year in most counties, and its cost must be borne by other taxpayers.

In the past, in some counties, no effort was made to collect any taxes from the veteran financing his purchase with a state loan until the purchase price was fully paid. In others, taxes were levied only upon the assessed value of the veteran's equity. This amounted to an additional tax exemption for a period of many years. The U. S. Supreme Court has recently determined that such practice was illegal, and that this group of veterans was entitled to no more than the \$1,000 exemption above mentioned. A.C.A. 28 is designed to escape the effect of this court decision, and to authorize the Legislature to confer this discriminatory benefit upon this group.

Sound public policy clearly requires that every form of veterans' benefit should be equitable between all kinds and classes of veterans. A.C.A. 28 fails to meet this fundamental test. I am satisfied that the great majority of veterans have no desire to escape their fair share of the cost of local government. The

CERTIFICATE OF SECRETARY OF STATE

State of California, Department of State
Sacramento, California

I, Frank M. Jordan, Secretary of State of the State of California, do hereby certify that the following measures will be submitted to the electors of the State of California at the special election to be held throughout the State on the sixth day of June, 1950.

Witness my hand and the great seal of the State,
at office in Sacramento, California, the third day
of April, A. D. 1950.



Frank M. Jordan
Secretary of State